

**EIGHTY-EIGHTH GENERAL ASSEMBLY
2020 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

February 10, 2020

Clip Sheet Summary

Displays all amendments, fiscal notes, and conference committee reports for previous day.

Bill	Amendment	Action	Sponsor
HF 2243	H-8010		DOLECHECK of Ringgold
HF 2245	H-8009		DOLECHECK of Ringgold
SF 2142	H-8011		DOLECHECK of Ringgold
SF 2142	H-8014		R. SMITH of Black Hawk, et al
SF 2144	H-8007		McCONKEY of Pottawattamie, et al
SF 2144	H-8008		SIECK of Mills, et al
SF 2144	H-8012		ISENHART of Dubuque
SF 2164	H-8013		GASSMAN of Winnebago

Fiscal Notes

- [SF 2097](#) — [Indecent Exposure](#) (LSB5318SV)
- [SF 2142](#) — [Senate Supplemental State Aid \(2.10% growth\)](#) (LSB5516SV)
- [SF 2155](#) — [Extra Bonding Capacity, School Resource Officers](#) (LSB5594SV)
- [HF 2097](#) — [Adult Changing Stations](#) (LSB5024YH)

[HF 2192](#) — [Telehealth Parity](#) (LSB5672HV)

[HF 2243](#) — [House Supplemental State Aid \(2.50% growth\)](#) (LSB6150HV)

[HF 2279](#) — [Biofuels Excise Tax](#) (LSB5098HV)

[HF 2281](#) — [Hotel and Motel Tax](#) (LSB5088HV)

HOUSE FILE 2243

H-8010

1 Amend House File 2243 as follows:

2 1. Page 1, line 10, by striking <one-half> and inserting
3 <one-tenth>

4 2. Page 1, line 24, by striking <one-half> and inserting
5 <one-tenth>

By DOLECHECK of Ringgold

H-8010 FILED FEBRUARY 10, 2020

HOUSE FILE 2245

H-8009

1 Amend House File 2245 as follows:

2 1. By striking page 1, line 27, through page 2, line 11, and
3 inserting:

4 <Sec. _____. Section 257.16C, subsection 3, paragraph d,
5 subparagraph (2), Code 2020, is amended to read as follows:

6 (2) For each the fiscal year beginning ~~on or after~~ July
7 1, 2020, there is appropriated from the general fund of the
8 state to the department of management for deposit in the
9 transportation equity fund the sum of the following, or so much
10 thereof as is necessary, to be used for the purposes of this
11 section:

12 (a) The amount appropriated to the transportation equity
13 fund under this paragraph for the immediately preceding fiscal
14 year.

15 (b) The product of the amount determined under subparagraph
16 division (a) multiplied by the categorical percent of growth
17 under section 257.8, subsection 2, for the budget year
18 beginning on the same date of the fiscal year for which the
19 appropriation is made.

20 (c) Seven million two hundred fifty-three thousand
21 eighty-eight dollars.

22 Sec. _____. Section 257.16C, subsection 3, paragraph d, Code
23 2020, is amended by adding the following new subparagraph:

24 NEW SUBPARAGRAPH. (3) For each fiscal year beginning on
25 or after July 1, 2021, there is appropriated from the general
26 fund of the state to the department of management for deposit
27 in the transportation equity fund the sum of the following, or
28 so much thereof as is necessary, to be used for the purposes of
29 this section:>

30 2. By renumbering as necessary.

By DOLECHECK of Ringgold

H-8009 FILED FEBRUARY 10, 2020

SENATE FILE 2142

H-8011

- 1 Amend Senate File 2142, as passed by the Senate, as follows:
- 2 1. Page 1, line 10, by striking <one-tenth> and inserting
- 3 <one-half>
- 4 2. Page 1, line 24, by striking <one-tenth> and inserting
- 5 <one-half>

By DOLECHECK of Ringgold

H-8011 FILED FEBRUARY 10, 2020

SENATE FILE 2142

H-8014

1 Amend the amendment, H-8011, to Senate File 2142, as passed
2 by the Senate, as follows:

3 1. Page 1, by striking lines 2 through 5 and inserting:
4 <____. Page 1, lines 9 and 10, by striking <two and
5 one-tenth> and inserting <three>

6 _____. Page 1, lines 23 and 24, by striking <two and
7 one-tenth> and inserting <three>>

8 2. By renumbering as necessary.

By R. SMITH of Black Hawk
WINCKLER of Scott

H-8014 FILED FEBRUARY 10, 2020

SENATE FILE 2144

H-8007

- 1 Amend Senate File 2144, as passed by the Senate, as follows:
2 1. Page 1, line 31, by striking <\$20,000,000> and inserting
3 <\$21,000,000>

By McCONKEY of Pottawattamie
SIECK of Mills

H-8007 FILED FEBRUARY 10, 2020

SENATE FILE 2144

H-8008

1 Amend Senate File 2144, as passed by the Senate, as follows:
2 1. Page 1, after line 13 by inserting:
3 <As a condition of receiving the moneys appropriated in this
4 section, the department of human services shall submit reports
5 to the chairpersons and ranking members of the senate and house
6 committees on human resources and to the legislative services
7 agency detailing the manner in which the appropriated moneys
8 are being used and containing a status report on any project
9 to which the moneys have been allocated. The department shall
10 submit the first report thirty days after the effective date
11 of this division of this Act, and shall submit an additional
12 report every thirty days thereafter until June 30, 2020.>
13 2. Page 1, line 31, by striking <\$20,000,000> and inserting
14 <\$21,003,186>
15 3. Page 1, after line 31 by inserting:
16 <As a condition of receiving the moneys appropriated in this
17 section, the department of homeland security and emergency
18 management, in coordination with the flood mitigation board,
19 shall submit reports to the chairpersons and ranking members
20 of the senate and house committees on appropriations and to
21 the legislative services agency detailing the amount of the
22 appropriated moneys that have been used and containing a status
23 report on any project to which the moneys have been allocated.
24 The department shall submit the first report thirty days after
25 the effective date of this division of this Act, and shall
26 submit an additional report every thirty days thereafter until
27 June 30, 2020.>

By SIECK of Mills
McCONKEY of Pottawattamie
HANUSA of Pottawattamie
JACOBSEN of Pottawattamie
MOHR of Scott

H-8008 FILED FEBRUARY 10, 2020

SENATE FILE 2144

H-8012

1 Amend the amendment, H-8008, to Senate File 2144, as passed
2 by the Senate, as follows:
3 1. Page 1, after line 12 by inserting:
4 <____. Page 1, after line 22 by inserting:
5 <Sec. _____. Section 418.16, subsection 4, paragraph a, Code
6 2020, is amended by adding the following new subparagraph:
7 NEW SUBPARAGRAPH. (3) Whether the project includes
8 components enhancing the project's current or future
9 qualification for the pre-disaster hazard mitigation assistance
10 grant program administered by the federal emergency management
11 agency pursuant to 42 U.S.C. §5133.>>
12 2. Page 1, after line 27 by inserting:
13 <____. Page 1, after line 33 by inserting:
14 <Sec. _____. APPLICABILITY. The following applies to project
15 applications reviewed by the flood mitigation board pursuant
16 to section 418.16, subsection 4, as amended by this division
17 of this Act, on or after the effective date of this division of
18 this Act:
19 The section of this division of this Act enacting section
20 418.16, subsection 4, paragraph a, subparagraph (3).>
21 _____. Title page, line 3, after <date> by inserting <and
22 applicability>>
23 3. By renumbering as necessary.

By ISENHART of Dubuque

H-8012 FILED FEBRUARY 10, 2020

SENATE FILE 2164

H-8013

- 1 Amend Senate File 2164, as passed by the Senate, as follows:
- 2 1. Page 1, after line 26 by inserting:
- 3 <Sec. _____. Section 257.16C, subsection 2, paragraph d, Code
- 4 2020, is amended to read as follows:
- 5 d. A school district's transportation cost per pupil
- 6 shall be determined by dividing the school district's actual
- 7 transportation cost for all children entitled to transportation
- 8 under section 285.1, subsection 1, paragraph "a", subparagraph
- 9 (1) or (2), and transported in all school buses for a school
- 10 year pursuant to section 285.1, subsection 12, less the amount
- 11 received for transporting nonpublic school pupils under section
- 12 285.1, by the district's actual enrollment for the school year,
- 13 excluding the shared-time enrollment for the school year as
- 14 defined in section 257.6.>
- 15 2. By renumbering as necessary.

By GASSMAN of Winnebago

H-8013 FILED FEBRUARY 10, 2020

Fiscal Note

Fiscal Services Division



SF 2097 – Indecent Exposure (LSB5318SV)
Staff Contact: Christin Mechler (515.250.0458) christin.mechler@legis.iowa.gov
Fiscal Note Version – New

Description

Senate File 2097 relates to the criminal offense of indecent exposure and makes penalties applicable. The Bill expands the definition of indecent exposure in Iowa Code section [709.9](#) to include masturbating underneath or outside of the person's clothing in the presence of another if the following apply:

- The person does so to arouse or satisfy the sexual desires of either party.
- The person knows or reasonably should know that the act is offensive to the viewer or the viewer was a child at the time of the act.

The Bill specifically expands the definition of the viewer of the indecent exposure to include children. A person who violates Iowa Code section [709.9](#) commits a serious misdemeanor.

Background

A serious misdemeanor is punishable by confinement for no more than one year and a fine of at least \$315, but no more than \$1,875.

In FY 2019, there were 44 convictions of indecent exposure under Iowa Code section [709.9](#). Of these 44 convictions, 27 offenders were committed to community-based corrections supervision.

Additionally, a person who violates Iowa Code section [709.9](#) is designated as a Tier I sex offender under Iowa Code section [692A.102\(1\)\(a\)\(5\)](#), and must follow the requirements related to registering as a sex offender pursuant to Iowa Code section [692A.103](#).

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay; revocation rates; plea bargaining; and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of this Bill to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.
- The daily cost of a person under sex offender intensive supervision totals approximately \$9.80.

Correctional Impact

The correctional impact of **SF 2079** cannot be determined. The Bill establishes a new criminal offense by amending the definition of indecent exposure, and the number of convictions cannot be estimated. It is likely that **SF 2079** will increase the number of persons entering into community-based corrections as a result of this new offense, but the extent of that increase cannot be estimated.

In FY 2019, the average length of stay for an offender serving a violation of Iowa Code section [709.9](#) totaled approximately 435 days under community-based corrections supervision. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 16, 2020, for information related to the correctional system.

Minority Impact

The minority impact of [SF 2079](#) is as follows: African Americans comprised 3.6% of the adult population of the State in FY 2019 and 15.9% of the convictions for Iowa Code section [709.9](#) offenses in FY 2019. This exceeds the population proportion of the State, which would lead to a racial impact if trends remain constant. Due to low numbers of other minority populations, the impact on those populations cannot be assessed. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 15, 2020, for information related to minorities in the criminal justice system.

Table 1 provides a breakdown of the demographics of the FY 2019 convictions under Iowa Code section [709.9](#) with respect to percentage of the State's population.

Table 1 — FY 2019 Convictions and Population Percentage

Demographic	Percentage of FY 2019 Indecent Exposure Convictions	Demographic Percentage of Iowa's Total Population
White	70.5%	90.2%
African American	15.9%	3.6%
Hispanic	4.6%	6.2%
Other/ Unknown	4.6%	3.0%

Fiscal Impact

The fiscal impact of [SF 2079](#) cannot be determined. The Bill expands the definition of indecent exposure and creates a new criminal offense. The resulting number of convictions and cost to the justice system cannot be estimated. **Table 2** shows estimates for the average State cost per offense class type. The estimates include operating costs incurred by the Judicial Branch, the State Public Defender, and the Department of Corrections for one additional conviction. The cost would be incurred across multiple fiscal years for prison and parole supervision.

Table 2 — Average State Cost Per Defense Class Type

Offense	Cost Increase Estimate	
	Minimum	Maximum
Serious Misdemeanor	\$ 410	\$ 4,900

In FY 2019, the cost of admission to community-based corrections of one additional offender for a violation of Iowa Code section [709.9](#) totaled approximately \$4,263 annually. This cost was based on an assumed daily cost of \$9.80 per day for an individual under sex offender intensive supervision for an average length of stay of 435 days.

Sources

Criminal and Juvenile Justice Planning Division, Department of Human Rights
Department of Corrections
U.S. Census Bureau

/s/ Holly M. Lyons

February 10, 2020

Doc ID 1129549

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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Fiscal Note

Fiscal Services Division



SF 2142 – Senate Supplemental State Aid (2.10% growth) (LSB5516SV)
Staff Contact: Michael Guanci (515.725.1286) michael.guanci@legis.iowa.gov
Fiscal Note Version – Revised Fiscal Estimate

Description

Senate File 2142 modifies and establishes provisions related to the funding of school districts, including establishing a State supplemental aid rate (percent of growth) and the categorical State percent of growth for the budget year beginning July 1, 2020 (FY 2021), and providing for other changes to the school aid formula.

Senate File 2142 has three provisions with a fiscal impact:

- Establishes a 2.10% State percent of growth rate to be applied to the State cost per pupil for FY 2021.
- Establishes a 2.10% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts, and to the standing appropriation for the Transportation Equity Fund for FY 2021.
- Provides additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2021. The Bill requires the additional levy portion of the FY 2021 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2021. Without enactment of this provision, the increase in the FY 2021 State cost per pupil due to the State percent of growth will include a per pupil property tax increase equivalent to one-eighth (12.5%) of the total per pupil increase.

The Bill takes effect upon enactment.

Background

State Cost Per Pupil. The school aid formula provides funding to school districts and Area Education Agencies (AEAs) through a mix of State aid and property taxes. In general, funding is generated on a per pupil basis, with the per pupil amounts providing an overall budget limitation (or spending authority). There are five FY 2021 State cost per pupil funding levels that would be increased by a 2.10% State percent of growth for FY 2021 with the enactment of SF 2142.

Table 1 provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and State cost per pupil amounts for FY 2021 based on a 2.10% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

Table 1 — SF 2142
FY 2021 State Cost Per Pupil Calculations

	FY 2020 State Cost Per Pupil	FY 2021 State Percent of Growth	FY 2021 Supplemental State Aid	FY 2021 State Cost Per Pupil
Regular Program	\$ 6,880	2.10%	\$ 144	\$ 7,024
Special Education Program	6,880	2.10%	144	7,024
AEA Special Education Services	301.62	2.10%	6.33	307.95
AEA Media Services	56.24	2.10%	1.18	57.42
AEA Education Services	62.05	2.10%	1.30	63.35

In addition to the State percent of growth and supplemental State aid amounts for FY 2021, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

State Categorical Supplements. The State categorical supplements are funded entirely through State aid and generate funds for each school district and AEA through the school aid formula on a per pupil basis. The FY 2021 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), early intervention supplement (district only), and Teacher Leadership and Compensation (TLC) (district only) supplement would be increased by a 2.10% State percent of growth for FY 2021. **Table 2** provides the per pupil growth amounts and State cost per pupil amounts for FY 2021 based on SF 2142.

Table 2 — SF 2142
FY 2021 State Categorical Cost Per Pupil Calculations

	FY 2020 State Cost Per Pupil	FY 2021 State Percent of Growth	FY 2021 Supplemental State Aid	FY 2021 State Cost Per Pupil
Teacher Salary - Districts	\$ 591.96	2.10%	\$12.43	\$ 604.39
Professional Development - Districts	67.04	2.10%	1.41	68.45
Early Intervention	73.03	2.10%	1.53	74.56
Teacher Leadership and Compensation	333.23	2.10%	7.00	340.23
Teacher Salary - AEAs	30.98	2.10%	0.65	31.63
Professional Development - AEAs	3.62	2.10%	0.08	3.70

Additionally, there is a budget guarantee provision for each of the State categorical supplements, which provides each district and AEA with a minimum of the previous fiscal year's level of funding (net of the previous year's budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

Transportation Equity Fund. 2019 Iowa Acts, chapter [2](#) (School Finance — Regular State Cost Per Pupil — School Transportation Funding) allows for the standing appropriation to the Transportation Equity Fund to grow at the same rate as the categorical State percent of growth. The Transportation Equity Fund appropriation is not included in the combined district cost, or in the total State aid appropriation. The FY 2020 appropriation to the Transportation Equity Fund was \$19.0 million.

Property Tax Replacement Payment (PTRP). 2013 Iowa Acts, chapter [121](#) (Education Reform) included the creation of the property tax replacement payment (PTRP) provision to replace local property tax amounts with State aid. The provision froze the additional levy portion of the State cost per pupil at \$750; based on the State percent of growth enacted during the intervening fiscal years, this provision created \$15 per pupil in property tax relief in FY 2014 and up to \$128 per pupil in FY 2021. The continual growth is a result of this provision requiring that the per pupil property tax relief of previous fiscal years carry forward into future fiscal years. Enactment of SF 2142 will maintain the additional levy portion of the State cost per pupil at \$750 in FY 2021. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2021. **Table 3** provides detail regarding the State cost per pupil funding levels as provided by a 2.10% growth rate for FY 2021 in SF 2142.

Table 3 — SF 2142
FY 2021 Property Tax Replacement Payment Calculation

		FY 2020	Increase Due To Supplemental State Aid Rate	FY 2021
Regular Program	\$	6,880	\$ 144	\$ 7,024
Unadjusted Additional Levy		860	18	878
PTRP Portion		110	18	128
Fixed Additional Levy Portion		750	0	750

Assumptions

- Estimates are based on October 2019 certified enrollments and supplementary weightings for FY 2021, which were approved by the School Budget Review Committee (SBRC) in December 2019.
- A statewide taxable valuation growth rate of 4.92% for FY 2021 was previously agreed upon by the Legislative Services Agency (LSA) and the Department of Management. Based on this assumed rate, the statewide total for the uniform levy is estimated to account for \$47.2 million (+4.98%) of the school foundation property tax change in FY 2021 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The

estimated increase in the uniform levy amount is not affected by the establishment of the State percent of growth rate. Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2021 taxable valuation amount.

- Total State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund, which is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2021 State percent of growth will also affect the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the Program is provided by State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.00% budget adjustment will approve use of that provision.
- Beginning in FY 2021, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2020 will be restored.
- The General Fund appropriation to the Transportation Equity Fund will increase by the categorical State percent of growth.
- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula. The fiscal impact in **Table 4** includes only the provisions in this Bill.

Fiscal Impact

The following table provides the estimated fiscal impact of the three provisions of SF 2142: State Supplemental Aid, State categorical rate, and PTRP implementation. These provisions include:

- Restoration of the \$15.0 million reduction in State aid to the AEAs. Under current law, the reduction will total \$7.5 million (a statutory reduction implemented annually).
- \$73.3 million in PTRP funding, an increase of \$10.7 million (17.06%) compared to FY 2020.
- \$551.9 million for the State categorical supplements for school districts and AEAs, an increase of \$14.0 million (2.60%). This includes:
 - \$312.9 million for the teacher salary supplement at the district and AEA level.
 - \$35.5 million for the professional development supplement at the district and AEA level.
 - \$36.5 million for the early intervention supplement.
 - \$167.0 million for the teacher leadership supplement.
- \$87.8 million for preschool formula funding, an increase of \$1.7 million (1.97%) compared to FY 2020. The preschool formula funding is included in the State aid amount, but is not included in the combined district cost total.
- \$10.0 million in budget adjustment funding for 125 qualifying districts, an increase of \$0.2 million (1.90%) compared to FY 2020. The budget guarantee adjustment is calculated at the school district level so that school districts receive 101.00% of their previous year's funding. The budget guarantee adjustment is funded entirely through property taxes.
- The total property tax funds generated through the school aid formula are estimated to be \$1.616 billion, an increase of \$53.1 million (3.40%) compared to FY 2020.
- The total State aid from the General Fund (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula) is estimated to be \$3.376 billion, an increase of \$90.7 million (2.76%) compared to FY 2020. Any legislative action affecting FY 2021 school aid provisions will have an impact on school aid amounts.

Additionally, any variations in the assumptions noted may result in changes in the FY 2021 estimates provided in the following table.

Table 4 further provides the fiscal impact SF 2142 has on the standing appropriation to the Transportation Equity Fund, which includes a \$19.4 million General Fund appropriation, an increase of \$0.4 million (2.10%) compared to FY 2020. The Transportation Equity Fund appropriation is not included in the combined district cost, or in the total State aid amount.

Table 4**Legislative Services Agency: FY 2021 School Aid Estimates — Senate File 2142** (Statewide Dollars in Millions)

State Percent of Growth: 2.10%		State Cost Per Pupil: \$7,024		State Supplemental Aid: \$144	
AEA Reduction: \$7,500,000		Additional Reduction: \$0		Total AEA Reduction: \$7,500,000	
Program Funding:	FY 2020	Est. FY 2021	Est. Change	% Change	
Regular Program District Cost	\$ 3,364.1	\$ 3,451.5	\$ 87.4	2.60%	
Regular Program Budget Adjustment	9.8	10.0	0.2	1.90%	
Supplementary Weighting (District)	104.8	106.2	1.5	1.40%	
Special Education Instruction (District)	460.2	477.2	17.0	3.69%	
Teacher Salary Supplement (District)	288.6	296.1	7.4	2.58%	
Professional Development Supplement (District)	32.7	33.5	0.8	2.58%	
Early Intervention Supplement (District)	35.6	36.5	0.9	2.57%	
Teacher Leadership Supplement (District)	162.7	167.0	4.3	2.61%	
AEA Special Ed Support District Cost	167.3	171.9	4.6	2.73%	
AEA Special Ed Support Adjustment	1.4	1.2	-0.2	-11.85%	
AEA Media Services	29.3	30.1	0.8	2.58%	
AEA Ed Services	32.4	33.2	0.8	2.58%	
AEA Teacher Salary Supplement	16.4	16.8	0.5	2.83%	
AEA Professional Development Supplement	1.9	2.0	0.1	2.93%	
Dropout and Dropout Prevention	124.9	124.9	0.0	0.00%	
Combined District Cost	\$ 4,809.6	\$ 4,950.6	\$ 141.0	2.93%	
Statewide Voluntary Preschool Program	\$ 86.2	\$ 87.8	\$ 1.7	1.97%	
State Aid:	FY 2020	Est. FY 2021	Est. Change	% Change	
Regular Program	\$ 1,964.5	\$ 1,994.7	\$ 30.2	1.54%	
Supplementary Weighting	91.4	92.7	1.3	1.41%	
Special Education Weighting	401.6	416.4	14.8	3.69%	
Property Tax Adjustment Aid (1992)	7.7	7.4	-0.4	-4.92%	
Property Tax Replacement Payment (PTRP)	62.6	73.3	10.7	17.06%	
Adjusted Additional Property Tax - General Fund	24.0	24.0	0.0	0.00%	
Statewide Voluntary Preschool Program	86.2	87.8	1.7	1.97%	
Minimum State Aid	0.0	0.0	0.0		
State Aid from General Fund	\$ 3,285.4	\$ 3,376.2	\$ 90.7	2.76%	
*Excess from SAVE Fund	10.1	10.4	0.3	2.67%	
Total State Aid (Includes Non-General Fund)	\$ 3,295.6	\$ 3,386.6	\$ 91.0	2.76%	
Local Property Tax:	FY 2020	Est. FY 2021	Est. Change	% Change	
Uniform Levy Amount	\$ 948.3	\$ 995.5	\$ 47.2	4.98%	
Additional Levy	614.1	620.0	5.9	0.96%	
Total Levy to Fund Combined District Cost	\$ 1,562.5	\$ 1,615.5	\$ 53.1	3.40%	
Comm/Ind - Uniform Levy Replacement	22.8	21.9	-0.9	-3.95%	
Comm/Ind - Additional Levy Replacement	14.9	14.5	-0.4	-2.73%	
Miscellaneous Information:	FY 2020	Est. FY 2021	Est. Change	% Change	
State Cost Per Pupil	\$ 6,880	\$ 7,024	\$ 144	2.09%	
Number of Districts with Budget Adjustment	114	125	11	9.65%	
Percent of Districts with Budget Adjustment	34.86%	38.23%			
Statewide Categoricals Total	\$ 537.9	\$ 551.9	\$ 14.0	2.60%	
Property Tax Relief Payment Per Pupil	110	128	18	16.36%	
Statewide AEA Funding Reduction	-22.5	-7.5	15.0	66.67%	
Statewide AEA Funding	226.2	247.7	21.5	9.48%	
Transportation Equity Fund	19.0	19.4	0.4	2.10%	

Notes:

Totals may not sum due to data duplication and exclusion. For example, other funds are provided by State Aid but not included in the State Aid section because the funds are represented in the Program Funding section listed above. Transportation Equity Fund dollars are not included in the total State aid amounts.

The provision for minimum State aid requires that the State provide at least \$300 per student.

* Secure an Advanced Vision for Education (SAVE) Fund.

Sources: Department of Management (School Aid File), LSA analysis and calculations

Sources

Iowa Department of Education, Certified Enrollment and Enrollment Projections File
Iowa Department of Management, School Aid File
Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

February 10, 2020

Doc ID 1129090

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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Fiscal Note

Fiscal Services Division



SF 2155 – Extra Bonding Capacity, School Resource Officers (LSB5594SV)
Staff Contact: Michael Guanci (515.725.1286) michael.guanci@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2155](#) gives school districts the authority to raise additional amounts of property tax or income tax under the Instructional Support Program for certain expenses related to one school resource officer (SRO). The additional amount of funding for an SRO is to be adopted by board resolution under Iowa Code section [257.19](#).

Background

The Instructional Support Program was created by 1989 Iowa Acts, chapter [135](#) (School and Area Education Agency Financing), and the implementation of the Program began in FY 1992. The Program allows districts to increase their general fund budgets by up to 10.0% of the total regular program district cost. Districts may implement the Program for a five-year duration with local board approval (subject to a reverse referendum), or for 10 years with voter approval. For the FY 2020 budget year, 326 out of 327 school districts are participating in the Instructional Support Program.

An SRO is not defined in Iowa Code. This Bill defines an SRO by federal code in 34 U.S.C. § [10389](#). It is not known how many school districts currently employ an SRO under this definition. In general, a school district contracts for an SRO under a [28E](#) agreement with a nearby political subdivision. Contracts vary by school district. For example:

- The Creston Community School District contracts with the City of Creston for an SRO on a full-time basis when school is in session. The contract stipulates that the district reimburse the City of Creston at 75.0% of the total cost for the SRO position. The hours, office facilities, equipment, and duties are specified in the contract. The SRO is a police department employee.
- The Prairie Valley Community School District contracts with the City of Gowrie for an SRO part-time on an hourly basis which can vary between 5 and 25 hours per week, based on the school calendar. The cost for the SRO is based on an established hourly rate which includes salary, travel, and equipment, but does not cover benefits. The SRO is a police department employee.
- The Des Moines Independent Community School District contracts with the City of Des Moines for 10 SROs, splitting costs 50/50 based on a mutually approved budget with Des Moines. The SROs are police department employees.

Assumptions

- It is not known how many districts will pass board resolutions to increase property tax or income surtax to cover allowed expenses under the provisions of this Bill.
- School districts that pass board resolutions for allowable expenses for one SRO will increase property tax or income surtaxes under the Instructional Support Program.
- Allowable expenses for SROs will vary by district depending on a contract with the nearby political authority. Based on SRO contracts reviewed, this may range from an estimated \$15,000 to \$80,000 annually.

Fiscal Impact

- Under the provisions of this Bill, there is no fiscal impact to the State.
- The Bill may increase property taxes or income surtaxes; however, the extent is not currently known and will vary by school district.

Sources

Iowa Department of Education
Iowa Association of School Boards
Department of Management

/s/ Holly M. Lyons

February 7, 2020

Doc ID 1129160

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

www.legis.iowa.gov

Fiscal Note

Fiscal Services Division



[HF 2097](#) – Adult Changing Stations (LSB5024YH)
Staff Contact: Adam Broich (515.281.8223) adam.broich@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 2097](#) requires the Department of Transportation (DOT) to install and maintain adult changing stations in facilities at certain rest areas as determined by the DOT. An adult changing station is defined as an adult changing table placed within an enclosed restroom facility or other similar facility that is for use by persons with disabilities who need assistance with diapering.

The requirement is repealed July 1, 2025.

Background

The DOT has 38 rest areas throughout the State on several highways. Nineteen of these rest areas are considered modern rest areas by the DOT. A full list of State rest areas is provided at www.iowadot.gov/maintenance/rest-areas.

Assumptions

Based on consultations with external architects, the DOT believes that 19 modern rest areas may be suitable for adult changing stations. Older rest areas may require more significant remodeling efforts to accommodate adult changing stations. Based on consultation, the DOT estimates the cost to install an adult changing station in a modern rest area to be between \$20,000 and \$25,000.

Fiscal Impact

The DOT has not identified the number of rest areas that may be renovated in accordance with [HF 2097](#). However, an average of four renovations per year would require annual expenditures from the Primary Road Fund of between \$80,000 and \$100,000.

Sources

Legislative Services Agency
Department of Transportation

/s/ Holly M. Lyons

February 7, 2020

Doc ID 1129490

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



HF 2192 – Telehealth Parity (LSB5672HV)

Staff Contact: Angel Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

Fiscal Note Version – New

Description

House File 2192 requires Iowa health carriers to reimburse a health care professional and a facility for health care services provided to a covered person by telehealth on the same basis and at the same rate as the health carrier would apply to the same health care services provided to a covered person by the health care professional and a facility in person. This requirement would become effective on January 1, 2021.

Background

Telehealth became a covered medical care option for State of Iowa Plan members in 2018. Telehealth refers to the delivery of health care services through the use of interactive audio and video, or other electronic media, regardless of where the health care professional and the covered person are located. However, telehealth does not include the delivery of health care services delivered solely through an audio-only telephone, electronic mail message, or facsimile transmission.

Assumptions

- Current telehealth reimbursement is 50.0% of the cost for medical services received in person, and 75.0% for mental health and behavioral services. A reimbursement rate of 100.0% will increase costs to the State due to State of Iowa Plan member telehealth utilization.
- Telehealth provides health care service options for individuals with barriers to in-person health care visits.
- As telehealth parity is achieved, more providers will participate in the telehealth market, increasing the accessibility of health care.

Fiscal Impact

There is a potential fiscal impact as a result of this Bill; however, that impact is difficult to determine. Due to the telehealth option being made available to members on the State of Iowa Plan in 2018, there are only two full years of available data. Additionally, there are conflicting assumptions regarding telehealth's impact on health care costs and future behaviors of patients and health care providers. One assumption is that due to the convenience of telehealth, patients are more likely to seek medical care, and the increase in telehealth cases from 2018 to 2019 may support this assumption. However, this increase could be due to information-sharing and more individuals becoming aware of telehealth as a covered service. Another assumption is that patients may visit a health care provider in person for medical concerns that were unresolvable via telemedicine, which results in more than one paid claim at the full rate under the Bill. There is insufficient data for these assumptions.

The available data is as follows:

Telehealth Claims Paid Through the State of Iowa Plan

Year	Cases	Amount Paid
2018	817	\$ 33,630
2019	1,468	\$ 74,300

In 2019, the number of paid telehealth claims for State of Iowa Plan members increased by 79.7%, and the amount paid increased by 120.0%. Assuming an increase in cost per visit due to the parity provision within the Bill, but with conservative increases in utilization, Wellmark estimates telehealth costs could increase by \$50,000 annually. However, if telehealth costs increase due to parity and utilization increases at a rate beyond what has been recorded to date, telehealth costs could increase by as much as \$150,000 annually. It is difficult to determine future telehealth utilization rates at this time as this is an emerging market.

Telehealth Claims Paid Through Medicaid

Currently, there is no available data on telehealth claims paid through Medicaid. However, Medicaid currently pays area education agencies (AEAs) and local education agencies (LEAs) for behavioral health services identified in a student's Individualized Education Plan and subsequently, the AEAs and LEAs return the State portion of the payment to Iowa Medicaid Enterprise for those services. The fiscal impact of telehealth parity cannot be determined for these cases as schools, AEAs, and LEAs maintain the authority to negotiate how services are to be reimbursed.

Sources

Wellmark
Department of Human Services

/s/ Holly M. Lyons

February 10, 2020

Doc ID 1128304

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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Fiscal Note

Fiscal Services Division



[HF 2243](#) – Supplemental State Aid (LSB6150HV)
Staff Contact: Michael Guanci (515.725.1286) michael.guanci@legis.iowa.gov
Fiscal Note Version – Revised Fiscal Estimate

Description

[House File 2243](#) modifies and establishes provisions related to the funding of school districts, including establishing a State supplemental aid rate (percent of growth) and the categorical State percent of growth for the budget year beginning July 1, 2020 (FY 2021), and providing for other changes to the school aid formula.

House File 2243 has three provisions with a fiscal impact:

- Establishes a 2.50% State percent of growth rate to be applied to the State cost per pupil for FY 2021.
- Establishes a 2.50% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts, and to the standing appropriation for the Transportation Equity Fund for FY 2021.
- Provides additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2021. The Bill requires the additional levy portion of the FY 2021 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2021. Without enactment of this provision, the increase in the FY 2021 State cost per pupil due to the State percent of growth will include a per pupil property tax increase equivalent to one-eighth (12.5%) of the total per pupil increase.
- The Bill takes effect upon enactment.

Background

State Cost Per Pupil. The school aid formula provides funding to school districts and Area Education Agencies (AEAs) through a mix of State aid and property taxes. In general, funding is generated on a per pupil basis, with the per pupil amounts providing an overall budget limitation (or spending authority). There are five State cost per pupil funding levels that would be increased by a 2.50% State percent of growth for FY 2021 with the enactment of HF 2243.

Table 1 provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and State cost per pupil amounts for FY 2021 based on a 2.50% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

Table 1 — HF 2243
FY 2021 State Cost Per Pupil Calculations

	FY 2020 State Cost Per Pupil	FY 2021 State Percent of Growth	FY 2021 Supplemental State Aid	FY 2021 State Cost Per Pupil
Regular Program	\$ 6,880	2.50%	\$ 172	\$ 7,052
Special Education Program	6,880	2.50%	172	7,052
AEA Special Education Services	301.62	2.50%	7.54	309.16
AEA Media Services	56.24	2.50%	1.41	57.65
AEA Education Services	62.05	2.50%	1.55	63.60

In addition to the State percent of growth and supplemental State aid amounts for FY 2021, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

State Categorical Supplements. The State categorical supplements are funded entirely through State aid and generate funds for each school district and AEA through the school aid formula on a per pupil basis. The FY 2021 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), early intervention supplement (district only), and Teacher Leadership and Compensation (TLC) (district only) supplement would be increased by a 2.50% State percent of growth for FY 2021. **Table 2** provides the per pupil growth amounts and State cost per pupil amounts for FY 2021 based on HF 2243.

Table 2 — HF 2243
FY 2021 State Categorical Cost Per Pupil Calculations

	FY 2020 State Cost Per Pupil	FY 2021 State Percent of Growth	FY 2021 Supplemental State Aid	FY 2021 State Cost Per Pupil
Teacher Salary - Districts	\$ 591.96	2.50%	\$14.80	\$ 606.76
Professional Development - Districts	67.04	2.50%	1.68	68.72
Early Intervention	73.03	2.50%	1.83	74.86
Teacher Leadership and Compensation	333.23	2.50%	8.33	341.56
Teacher Salary - AEAs	30.98	2.50%	0.77	31.75
Professional Development - AEAs	3.62	2.50%	0.09	3.71

Additionally, there is a budget guarantee provision for each of the State categorical supplements, which provides each district and AEA with a minimum of the previous fiscal year's level of funding (net of the previous year's budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

Transportation Equity Fund. The 2019 Iowa Acts, chapter [2](#) (School Finance — Regular State Cost Per Pupil — School Transportation Funding) allows for the standing appropriation to the Transportation Equity Fund to grow at the same rate as the categorical State percent of growth. The Transportation Equity Fund appropriation is not included in the combined district cost, or in the total State aid appropriation. The FY 2020 appropriation to the Transportation Equity Fund was \$19.0 million.

Property Tax Replacement Payment (PTRP). The 2013 Iowa Acts, chapter [121](#) (Education Reform) included the creation of the property tax replacement payment (PTRP) provision to replace local property tax amounts with State aid. The provision froze the additional levy portion of the State cost per pupil at \$750; based on the State percent of growth enacted during the intervening fiscal years, this provision created \$15 per pupil in property tax relief in FY 2014 and up to \$132 per pupil in FY 2021. The continual growth is a result of this provision requiring that the per pupil property tax relief of previous fiscal years carry forward into future fiscal years. Enactment of HF 2243 will maintain the additional levy portion of the State cost per pupil at \$750 in FY 2021. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2021. **Table 3** provides detail regarding the State cost per pupil funding levels as provided by a 2.50% growth rate for FY 2021 in HF 2243.

Table 3 — HF 2243
FY 2021 Property Tax Replacement Payment Calculation

		FY 2020	Increase Due To Supplemental State Aid Rate		FY 2021
Regular Program	\$	6,880	\$ 172	\$	7,052
Unadjusted Additional Levy		860	22		881
PTRP Portion		110	21		131
Fixed Additional Levy Portion		750	0		750

Assumptions

- Estimates are based on October 2019 certified enrollments and supplementary weightings for FY 2021, which were approved by the School Budget Review Committee (SBRC) in December 2019.
- A statewide taxable valuation growth rate of 4.92% for FY 2021 was previously agreed upon by the Legislative Services Agency (LSA) and the Department of Management. Based on this assumed rate, the statewide total for the uniform levy is estimated to account for \$47.2 million (+4.98%) of the school foundation property tax change in FY 2021 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated increase in the uniform levy amount is not affected by the establishment of the State percent of growth rate. Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2021 taxable valuation amount.
- Total State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund, which is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2021 State percent of growth will also affect the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the Program is provided by State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.00% budget adjustment will approve use of that provision.
- Beginning in FY 2021, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2020 will be restored.
- The General Fund appropriation to the Transportation Equity Fund will increase by the categorical State percent of growth.
- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula. The fiscal impact in **Table 4** includes only the provisions in this Bill.

Fiscal Impact

The following table provides the estimated fiscal impact of the three provisions of HF 2243: State Supplemental Aid, State categorical rate, and PTRP implementation. These provisions include:

- Restoration of the \$15.0 million reduction in State aid to the AEAs. Under current law, the reduction will total \$7.5 million (a statutory reduction implemented annually).
- \$75.1 million in PTRP funding, an increase of \$12.4 million (19.80%) compared to FY 2020.
- \$553.8 million for the State categorical supplements for school districts and AEAs, an increase of \$15.9 million (2.96%). This includes:
 - \$314.0 million for the teacher salary supplement at the district and AEA level.
 - \$35.6 million for the professional development supplement at the district and AEA level.
 - \$36.6 million for the early intervention supplement.
 - \$167.6 million for the teacher leadership supplement.
- \$88.2 million for preschool formula funding, an increase of \$2.0 million (2.37%) compared to FY 2020. The preschool formula funding is included in the State aid amount, but is not included in the combined district cost total.
- \$7.7 million in budget adjustment funding for 100 qualifying districts, a decrease of \$2.1 million (21.15%) compared to FY 2020. The budget guarantee adjustment is calculated at the school district level so that school districts receive 101.00% of their previous year's funding. The budget guarantee adjustment is funded entirely through property taxes.
- The total property tax funds generated through the school aid formula are estimated to be \$1.613 billion, an increase of \$50.9 million (3.26%) compared to FY 2020.
- The total State aid from the General Fund (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula) is estimated to be \$3.395 billion, an increase of \$109.7 million (3.34%) compared to FY 2020. Any legislative action affecting FY 2021 school aid provisions will have an impact on school aid amounts. Additionally, any variations in the assumptions noted may result in changes in the FY 2021 estimates provided in the following table.

Table 4 further provides the fiscal impact HF 2243 has on the standing appropriation to the Transportation Equity Fund, which includes a \$19.5 million General Fund appropriation, an increase of \$0.5 million (2.50%) compared to FY 2020. The Transportation Equity Fund appropriation is not included in the combined district cost, or in the total State aid amount.

TABLE 4 — HF 2243**Legislative Services Agency: FY 2021 School Aid Estimates — House File 2243 (Statewide Dollars in Millions)**

State Percent of Growth: 2.50%		State Cost Per Pupil: \$7,052		State Supplemental Aid: \$172	
AEA Reduction: \$7,500,000		Additional Reduction: \$0		Total AEA Reduction: \$7,500,000	
Program Funding:	FY 2020	Est. FY 2021	Est. Change	% Change	
Regular Program District Cost	\$ 3,364.1	\$ 3,465.2	\$ 101.1	3.01%	
Regular Program Budget Adjustment	9.8	7.7	-2.1	-21.15%	
Supplementary Weighting (District)	104.8	106.7	1.9	1.80%	
Special Education Instruction (District)	460.2	479.1	18.9	4.10%	
Teacher Salary Supplement (District)	288.6	297.1	8.5	2.94%	
Professional Development Supplement (District)	32.7	33.7	1.0	2.95%	
Early Intervention Supplement (District)	35.6	36.6	1.1	2.95%	
Teacher Leadership Supplement (District)	162.7	167.6	4.8	2.98%	
AEA Special Ed Support District Cost	167.3	172.6	5.2	3.14%	
AEA Special Ed Support Adjustment	1.4	1.1	-0.3	-22.00%	
AEA Media Services	29.3	30.2	0.9	2.99%	
AEA Ed Services	32.4	33.3	1.0	2.98%	
AEA Teacher Salary Supplement	16.4	16.9	0.5	3.18%	
AEA Professional Development Supplement	1.9	2.0	0.1	3.19%	
Dropout and Dropout Prevention	124.9	124.9	0.0	0.00%	
Combined District Cost	\$ 4,809.6	\$ 4,967.1	\$ 157.6	3.28%	
Statewide Voluntary Preschool Program	\$ 86.2	\$ 88.2	\$ 2.0	2.37%	
State Aid:	FY 2020	Est. FY 2021	Est. Change	% Change	
Regular Program	\$ 1,964.5	\$ 2,006.9	\$ 42.5	2.16%	
Supplementary Weighting	91.4	93.0	1.7	1.82%	
Special Education Weighting	401.6	418.1	16.5	4.11%	
Property Tax Adjustment Aid (1992)	7.7	7.4	-0.4	-4.92%	
Property Tax Replacement Payment (PTRP)	62.6	75.1	12.4	19.80%	
Adjusted Additional Property Tax - General Fund	24.0	24.0	0.0	0.00%	
Statewide Voluntary Preschool Program	86.2	88.2	2.0	2.37%	
Minimum State Aid	0.0	0.0	0.0		
State Aid from General Fund	\$ 3,285.4	\$ 3,395.1	\$ 109.7	3.34%	
*Excess from SAVE Fund	10.1	10.4	0.3	2.67%	
Total State Aid (Includes Non-General Fund)	\$ 3,295.6	\$ 3,405.5	\$ 109.9	3.34%	
Local Property Tax:	FY 2020	Est. FY 2021	Est. Change	% Change	
Uniform Levy Amount	\$ 948.3	\$ 995.5	\$ 47.2	4.98%	
Additional Levy	614.1	617.9	3.7	0.61%	
Total Levy to Fund Combined District Cost	\$ 1,562.5	\$ 1,613.4	\$ 50.9	3.26%	
Comm/Ind - Uniform Levy Replacement	22.8	21.9	-0.9	-3.95%	
Comm/Ind - Additional Levy Replacement	14.9	14.5	-0.4	-2.73%	
Miscellaneous Information:	FY 2020	Est. FY 2021	Est. Change	% Change	
Budget Enrollment	487,652	490,094	2,443	0.50%	
State Cost Per Pupil	\$ 6,880	\$ 7,052	\$ 172	2.50%	
Number of Districts with Budget Adjustment	114	100	-14	-12.28%	
Percent of Districts with Budget Adjustment	34.86%	30.58%			
Statewide Categoricals Total	\$ 537.9	\$ 553.8	\$ 15.9	2.96%	
Property Tax Relief Payment Per Pupil	110	131	21	19.09%	
Statewide AEA Funding Reduction	-22.5	-7.5	15.0	66.67%	
Statewide AEA Funding	226.2	248.6	22.3	9.86%	
Transportation Equity Fund	19.0	19.5	0.5	2.50%	

Notes:

Totals may not sum due to data duplication and exclusion. For example, other funds are provided by State Aid but not included in the State Aid section because the funds are represented in the Program Funding section listed above. Transportation Equity Fund dollars are not included in the total State aid amounts.

The provision for minimum State aid requires that the State provide at least \$300 per student.

* Secure an Advanced Vision for Education (SAVE) Fund.

Sources: Department of Management (School Aid File), LSA analysis and calculations

Sources

Iowa Department of Education, Certified Enrollment and Enrollment Projections File
Iowa Department of Management, School Aid File
Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

February 10, 2020

Doc ID 1129044

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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Fiscal Note

Fiscal Services Division



HF 2279 – Biofuels Excise Tax (LSB5098HV)
Staff Contact: Adam Broich (515.281.8223) adam.broich@legis.iowa.gov
Fiscal Note Version – Revised (Table 4)

Description

House File 2279 replaces the existing motor fuel excise tax schedule with a new schedule to determine the tax rate of motor fuel. The Bill adopts the new schedule through July 1, 2026 (Table 1). Tax rates will be determined by the market share of ethanol-blended gasoline that is 15.0% (E-15) or higher.

Table 1 — Proposed Motor Fuel Excise Tax Schedule

Ethanol (E-15) Market Share	E-15 (or higher) per gallon	Gasoline per gallon
0.0% – 10%	24.0¢	30.0¢
10.1% – 12%	24.5	30.0
12.1% – 14%	25.0	30.0
14.1% – 16%	25.5	30.0
16.1% – 18%	26.0	30.0
18.1% – 20%	26.5	30.0
20.1% – 22%	27.0	30.0
22.1% – 26%	27.5	30.0
26.1% – 35%	28.0	30.0
35.1% – 45%	28.5	30.0
45.1% – 65%	29.0	30.0
65.1% – 85%	29.2	30.0
85.1% – 95%	29.5	30.0
95.1% – 100%	30.0	30.0

The Bill also makes the following changes:

- Extends the applicability of the tax schedule that determines the special fuel excise tax (biodiesel and diesel fuel) through July 1, 2026. Under current law, the biodiesel tax schedule will expire on June 30, 2020.
- Requires the Iowa Department of Revenue (IDR) to use the [Retailers Motor Fuel Gallons Annual Report](#) to determine the market share of ethanol-blended gasoline and biodiesel.
- Makes nonsubstantive changes to language related to the special tax schedule.
- Strikes an obsolete provision that sets the motor fuel excise tax rate for E-85 at 17.0 cents per gallon.
- Requires the method for determining tax rates on motor fuel and special fuel to be reviewed by the General Assembly every five years. Current law requires legislative review every six years.
- Creates new reporting classifications for gasoline that is E-15 or higher and biodiesel that is B-11 or higher.
- The Bill is effective on July 1, 2020.

Background

Revenue collected through the motor fuel excise tax is deposited in the Road Use Tax Fund (RUTF). The RUTF allocates funding for road construction to primary roads (under the Department of Transportation (DOT)), secondary and farm-to-market roads (counties), and city streets. Current law allocates 47.5% to the DOT, 32.5% to counties, and 20.0% to cities.

For FY 2020, the motor fuel excise tax is 29.0 cents per gallon for ethanol and 30.5 cents for unblended gasoline. The current motor fuel tax schedule, which expires on June 30, 2020, is as follows:

Table 2 — Current Motor Fuel Excise Tax Schedule

Ethanol (E-10) Market Share	E-10 (or higher) per gallon	Gasoline per gallon
0.0% – 50.0%	29.0¢	30.0¢
50.1% – 55.0%	29.0	30.1
55.1% – 60.0%	29.0	30.3
60.1% – 65.0%	29.0	30.5
65.1% – 70.0%	29.0	30.7
70.1% – 75.0%	29.0	31.0
75.1% – 80.0%	29.3	30.8
80.1% – 85.0%	29.5	30.7
85.1% – 90.0%	29.7	30.4
90.1% – 95.0%	29.9	30.1
95.1% – 100.0%	30.0	30.0

For FY 2020, the per-gallon excise tax on special fuel is 29.5 cents for biodiesel (B-11) and 32.5 cents for diesel. The current tax schedule for diesel and biodiesel, which expires on June 30, 2020, is as follows:

Table 3 — Current Special Fuel (Diesel) Excise Tax Schedule

Biodiesel (B-11) Market Share	B-11 (or higher) per gallon	Diesel per gallon
0.0% – 50.0%	29.5¢	32.5¢
50.1% – 55.0%	29.8	32.5
55.1% – 60.0%	30.1	32.5
60.1% – 65.0%	30.4	32.5
65.1% – 70.0%	30.7	32.5
70.1% – 75.0%	31.0	32.5
75.1% – 80.0%	31.3	32.5
80.1% – 85.0%	31.6	32.5
85.1% – 90.0%	31.9	32.5
90.1% – 95.0%	32.2	32.5
95.1% – 100.0%	32.5	32.5

The IDR calculates the market share of blended fuel based upon monthly fuel tax reports. These reports include data on the gross gallons of fuels delivered by Iowa licensed suppliers, blenders, importers, restrictive suppliers, and liquefied petroleum gas/compressed natural gas dealers and users. The report does not count gallons of ethanol and biodiesel that are blended

after this data is collected. As a result, these reports underrepresent the total gallons of ethanol and biodiesel consumed in Iowa.

The [Retailers Motor Fuel Gallons Annual Report](#) also includes data regarding fuel types consumed and shows higher consumption of ethanol and biodiesel. In calendar year 2018, the market share of ethanol was 65.4% on monthly reports and 87.0% on the retailers report. The market share for biodiesel (B-11+) was 10.0% on monthly reports and 47.4% on the retailers report. Tax rates for motor fuel excise tax and special fuel excise tax are determined based on the market share of the calendar year that ended six months prior to the new fiscal year.

Under current law, after an increase to the motor fuel excise tax rate due to changes in the market share or legislative changes, an inventory tax is imposed on businesses that hold title to stored fuels that are for sale (Iowa Code section [452A.85](#)). The increase must be at least one-half cent per gallon. The tax applies to motor fuel, special fuel, and other fuels that are for sale. The inventory tax is equal to the difference between the increased tax and the previous tax rate.

Assumptions

Fuel Consumption

- Motor fuel (gasoline and ethanol) consumption in Iowa will total 1,750.0 million gallons annually for FY 2021 through FY 2024, similar to the average over the last three years.
- Special fuel consumption in Iowa will total 720.0 million gallons in FY 2021, and is assumed to increase by 0.7% in FY 2022 and 2.1% in FY 2023 and to decline by 0.5% in FY 2024. For the last three years, special fuel consumption has averaged 713.1 million gallons.

Refunds

- Refunds issued against motor fuel excise taxes will be 7.0% of gross receipts.
- Refunds issued against special fuel excise taxes will be 3.3% of gross receipts.

Estimated Market Share and Tax Rates of E-10 and E-15

- The market share for motor fuel classified at E-15 or higher is estimated to be 5.0% in FY 2021, 6.0% in FY 2022, 7.0% in FY 2023, and 8.0% in FY 2024.
- Based on the projected market share, the tax rate for ethanol-blended fuel will be 24.0 cents per gallon, and the tax rate for gasoline will be 30.0 cents per gallon. Compared to the tax schedules expiring June 30, 2020, this is a tax rate reduction of 5.0 cents per gallon for E-15+ and 0.5 cents for gasoline and E-10 or lower.

Estimated Market Share and Tax Rates for Biodiesel

- The market share for biodiesel is estimated above 50.0% in FY 2021, 51.0% in FY 2022, 53.0% in FY 2023, and 55.0% in FY 2024.
- Based on the projected market share, the tax rate for biodiesel will be 29.8 cents from FY 2021 to FY 2023 and 30.1 cents in FY 2024. The tax rate for diesel will be 32.5 cents per gallon for each of the projected fiscal years. Compared to the tax schedule expiring July 1, 2020, the estimated tax on biodiesel will increase by 0.3 cents per gallon from FY 2021 to FY 2023 and by 0.6 cents per gallon in FY 2024. The estimated tax on diesel will remain unchanged at 32.5 cents per gallon.

Fiscal Impact

Changes to revenues deposited in the RUTF are displayed below. **Table 4** reflects current law, which includes the expiration of the existing tax schedules on June 30, 2020, for ethanol and biodiesel, compared to the Bill. The impact of the inventory tax on businesses that hold title to stored fuels that are for sale is unknown.

Table 4

Revenue Changes to the Road Use Tax Fund (in millions)

HF 2279 vs. Current Law (Tax Schedules Repealed After FY 2020)

	FY 2021	FY 2022	FY 2023	FY 2024
Motor Fuel				
HF 2279	\$ 483.4	\$ 482.4	\$ 481.4	\$ 480.4
Current Law	488.3	488.3	488.3	488.3
Difference	-4.9	-5.9	-6.8	-7.8
Diesel				
HF 2279	214.9	216.2	221.5	221.1
Current Law	225.3	226.9	231.7	230.5
Difference	-10.4	-10.7	-10.2	-9.4
Total	<u>\$ -15.3</u>	<u>\$ -16.5</u>	<u>\$ -17.0</u>	<u>\$ -17.2</u>

Note: Numbers may not add due to rounding.

Sources

LSA calculations
Department of Transportation
Iowa Department of Revenue
IDR Monthly Fuel Reports
IDR Retailers Motor Fuel Gallons Annual Reports

/s/ Holly M. Lyons

February 10, 2020

Doc ID 1129488

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

Fiscal Note

Fiscal Services Division



[HF 2281](#) – Hotel and Motel Tax (LSB5088YHV.1)
Staff Contact: Kenneth Ohms (515.725.2200) kenneth.ohms@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 2281](#) modifies the number of consecutive days a person must rent lodging for the sales price to be exempt from State and local hotel and motel taxes by making the first 90 days of a stay subject to taxation.

Background

Under current law (Iowa Code chapter [423A](#)), the renting of lodging by the same person for a period of more than 31 consecutive days is exempt from State and local hotel and motel taxes.

Iowa Code section [423A.7](#)(4) requires that 50.0% of the revenue generated by local hotel and motel taxes be used for purposes related to recreation, convention, cultural, or entertainment facilities, or for the promotion and encouragement of tourist and convention business in the city or county and surrounding areas. The remaining revenues may be spent by the city or county for any operations authorized by law as a proper purpose for the expenditure within statutory limitations.

Assumptions

- In FY 2019, hotels and motels reported exempt sales of \$50.6 million. These sales are assumed to be for long-term rentals, and other potential sales to exempt entities are assumed to be minimal.
- The State tax rate is 5.0%, and the effective local tax rate is 6.76%.
- Of the exempt hotel and motel sales, 10.0% are assumed to be for periods of 90 days or longer. Of that amount, it is assumed there is a decreasing number of stays beyond 90 days, and a stay of 120 days is used as the maximum. Therefore, 97.5% of currently exempt sales would become taxable.

Fiscal Impact

Changing the tax exemption is estimated to increase revenues as presented in the following table.

Estimated Impact			
Dollars in Millions			
	General	Local Tax	
	Fund	Revenue	
FY 2021	\$ 2.7	\$ 3.7	
FY 2022	2.8	3.8	
FY 2023	2.9	3.9	
FY 2024	2.9	4.0	
FY 2025	3.0	4.1	

Source

Department of Revenue

/s/ Holly M. Lyons

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